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INFORMATIONAL NOTICE

DATE: December 29, 2006

TO: Enrolled Hospitals – Chief Executive Officers, Chief Financial Officers, and Patient Accounts Managers; Physicians, and Independent Laboratories

RE: Hospital Fee-for-Service Billing of Laboratory Services

The purpose of this notice is to remind hospitals of the department's policy for fee-for-service billing of laboratory services.

Hospital fee-for-service charges for laboratory services are not to be submitted to the department when a specimen is obtained at the hospital, but sent out to an independent laboratory for analysis. HFS has identified repeated instances of hospitals sending specimens to an independent lab for processing, then billing the department for those laboratory tests. In these cases, it is only the independent lab that should submit claims for payment.

This policy is codified in the department's rules at 89 Illinois Administrative Code section 140.431. The rule states that payment shall not be made for any test that is not performed on the laboratory's premises, by the laboratory's staff, using the laboratory's equipment and supplies. The Handbook for Laboratory Services, topic 202.4, also states that payment will not be made to a practitioner or a hospital for services performed at an independent laboratory. Both the administrative rule and handbook can be found on the department's web site at the following links:

http://www.hfs.illinois.gov/lawsrules/index.html
http://www.hfs.illinois.gov/handbooks/chapter200.html

The department will enforce this policy by referring inappropriate billings to the department's Office of Inspector General for review.

Any questions regarding this notice may be directed to the Bureau of Comprehensive Health Services at 877-782-5565.

Anne Marie Murphy, Ph.D.
Administrator
Division of Medical Programs